The County of Yuba

OFFICE OF THE COUNTY ADMINISTRATOR

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EXECUTIVE ASSISTANT TO THE COUNTY ADMINISTRATOR

May 12, 2010

RECEIVED
MAY 14 2010
CITY OF
WHEATLAND

City of Wheatland
Mr. Steve Wright, City Manager
111 C Street
Wheatland, CA 95692

Dear Steve,
Pursuant to our last discussion regarding the annexation of Bishop's Pumpkin Farm, I thought it would be best to memorialize the tentative staff level agreement and also make a request for additional information.

Tentative Staff Agreement (subject to Board and Council approval)

1. Yuba County and the City of Wheatland agree to develop a tax sharing agreement for the purposes of annexing certain parcels currently in the County unincorporated area to be included within the city limits of Wheatland (Bishop's Pumpkin Farm).
2. Core elements of the tax sharing agreement would provide for the sharing of secured property and sales tax proceeds (1% Bradley Burns – apportioned to local governments as determined by the State Board of Equalization) equivalent to:
    a. Sales Tax - Wheatland 87.5% and Yuba County 12.5%
    b. Property Tax - Wheatland 50.0% and Yuba County 50.0%
3. Yuba County and the City of Wheatland agree that Mr. Wayne Bishop will file his application for new structures, limited to the new "barn" and restroom facility, with Yuba County (as the annexation will still be in process and the applicant would like to move forward as soon as possible). In addition:
    a. The County will process the application and provide all County services related to the application and building of the structures.
    b. The County will not charge to Mr. Bishop County impact fees due to the pending annexation. However, the County's standard permit processing fees will be collected.
    c. The County will collect, on behalf of Wheatland, impact fees the City has adopted at the date of building permit application and will forward those fees to the City of Wheatland.
    d. Wheatland will provide the specific fee amounts (as mentioned in "c") as well as any comments on the building plans to the County Community Development Department no later than 30 days after the filing of Bishop's completed building permit application with the County. (The County will forward the plans without delay once received by Mr. Bishop).

e. The County will work in concert with the City of Wheatland, providing regular updates as to the processing of the application and building of the structures to ensure timeliness and proper following of City related requirements for new structures.
f. The City of Wheatland will provide to the County a conditional will-serve letter for wastewater and water services for the properties to be annexed.

4. Language prohibiting the placement of the subject property into a redevelopment area at a later date by the City of Wheatland is removed from the original draft agreement.

Additional Information Requested

1. Determine exactly what parcels are proposed to be annexed for the purposes of:
   a. Properly identifying and documenting the parcels in the tax sharing agreement; and,
   b. The Auditor-Controller can provide the correct amount of property tax to be transferred to the City of Wheatland; and,
   c. The proper documentation can be provided to our service departments (i.e. Sheriff, OES, etc.)
2. Wayne Bishop should confirm via a written response that he agrees to the terms of the agreement and identification of parcels.

Sincerely,

Robert Bendorf
County Administrator

BEFORE THE BOARD OF SUPERVISORS
COUNTY OF YUBA
STATE OF CALIFORNIA

RESOLUTION APPROVING PROPERTY AND SALES TAX REVENUE EXCHANGE FOR PROPOSED ANNEXATION TO THE CITY OF WHEATLAND (BISHOP PUMPKIN FARM)	)	YUBA COUNTY RESOLUTION NO. _____

WHEREAS, the Bishop Pumpkin Farm has filed an application with the City of Wheatland for the property and existing operations to be annexed to the City of Wheatland which requires an application to the Yuba County Local Agency Formation Commission for approval; and

WHEREAS, the Yuba County Local Agency Formation Commission (LAFCO) periodically receives applications for changes of organization and reorganizations involving the City of Wheatland; and

WHEREAS, the LAFCO Executive Officer is prohibited by law from issuing a Certificate of Filing for such applications until the City of Wheatland (CITY) and the County of Yuba (COUNTY) determine, pursuant to Section 99 of the California Revenue and Taxation Code, the amount of property tax revenues to be exchanged between and among the local agencies whose service areas or responsibilities will be altered should the reorganization or change of organization occur; and

WHEREAS, the CITY, and the COUNTY, are the two local agencies whose service areas or responsibilities will be altered should the annexation occur; and

WHEREAS, subdivision (b) of Section 29 of Article XIII of the State Constitution authorizes counties and cities to enter into contracts to apportion between them the revenue derived from any sales or use tax imposed by them pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law, or any successor provisions, that is collected for them by the State; and

NOW, THEREFORE, BE IT RESOLVED that the following agreement is entered into pursuant to Revenue and Taxation Code Section 99 by the COUNTY and CITY to provide for the exchange of property tax revenues among and between the affected local agencies, and for the apportionment of sales tax revenue between the CITY and

COUNTY; pursuant to subdivision (b) of Section 29 of Article XIII of the State Constitution. Either or both the CITY and/or the COUNTY are authorized to present this resolution to LAFCO and/or the LAFCO Executive Officer.

1. **Exchange of Base Revenue Property Tax Dollars Between the County of Yuba and the City of Wheatland**

   A. For the purposes of the following sections related to property taxes, the following definitions shall apply:

   "A" equals: The total tax rate in effect in the tax rate area(s) of the annexing property during the fiscal year in which the annexation is completed, exclusive of voter-approved tax rates for the redemption of bonds.

   "B" equals: The taxable assessed valuation of all property, both real and personal, of the annexing territory as shown on all assessment rolls of the County of Yuba and the State of California for the fiscal year during which the organization or reorganization is completed.

   "C" equals: The percentage of the total property taxes levied within the tax rate areas of the annexing property in the fiscal year during which the organization or reorganization is completed which are distributed to the fund specified in each of the subsections below.

   B. County of Yuba General Fund

      1) It is agreed that the amount of revenue equal to fifty percent (50%) of the product of "A" times "B" times "C", where "C" refers to the County of Yuba General Fund, shall be transferred from the property tax revenue of the COUNTY General Fund to the property tax revenue of the CITY effective with the first full fiscal year commencing after the lien date on which the change of organization or reorganization is placed on the tax roll.

   C. Tax Increments

      1) The tax increments for the current and future years will be automatically distributed according to the new percentages within the new tax rate area which are based on the base revenues as transferred into this new tax rate area.

2. **Sales and Use Tax Apportionment**

A. The CITY agrees to transfer quarterly to the COUNTY a share of sales tax revenues from the Annexation Area in an amount equal to twelve and a half percent (12.5 %) of sales tax revenue from the Annexation area, effective with the first full fiscal year commencing after the lien date on which the change of organization or reorganization is placed on the tax roll.

3. **Annexation**

The CITY shall not take affirmative action that would have the effect of reducing the amount of taxes that COUNTY receives under this agreement to any territory annexed on or after the effective date of the agreement.

4. **Audit**

Either the COUNTY or the CITY may request that an independent audit of the 1% ad valorem property tax revenues available for allocation and distributed to the CITY, or of sales and use taxes distributed by the CITY to the COUNTY, be performed at any time, with the party requesting such an audit solely responsible for the costs of such an audit. The auditor shall be jointly selected by the County Administrator and the City Manager. CITY and COUNTY will make any adjustments to payment or receipt of tax revenues which are required as a result of the audit within sixty (60) days of receipt of the audit, or other time period specified by mutual agreement of the CITY and COUNTY. The adjustments will be in the form of an additional transfer back to COUNTY from CITY of sales and use tax revenues if any excess tax revenues have been paid to the CITY, or a transfer to CITY of additional sales tax and use tax or property tax revenues from the COUNTY if the audit discloses that the CITY received less tax revenue than it should have received.

5. **Default**

A. In addition to any remedies COUNTY may have at law or in equity in the event of CITY's default, COUNTY may withhold from property tax payments due to CITY an amount equal to the amount of sales and use tax revenues which CITY has failed to pay to COUNTY in a timely manner, provided that COUNTY shall have first given CITY thirty (30) days written notice of COUNTY's intent to offset.

B. In the event that CITY fails to transfer sales and use tax revenues within the times specified in this Agreement, CITY shall pay COUNTY interest compounded monthly at a rate equal to the COUNTY's average pooled investment interest rate as of June 30 of the preceding fiscal year.

6. **Effective Date**
This agreement shall be effective when signed by the Chairperson of the Board of Supervisors and the Mayor of Wheatland.

7. **Immediate Renegotiation**
It is the intent of the CITY and the COUNTY that this agreement will result in an approximate fifty (50) percent split in property tax revenues and an approximate 87.5 percent / 12.5 percent split in local sales tax revenues. Therefore, notwithstanding the foregoing, this resolution and agreement are subject to automatic renegotiation in the following events:

A. There is a substantial shift of property tax revenue as a result of action by the State of California such as occurred with the Educational Revenue Augmentation Fund; or

B. The State of California modifies the law concerning its allocation of the one-percent local sales tax.

In the event either such event shall occur, the CITY and COUNTY agree to enter into good-faith negotiations to arrive at a new tax sharing agreement.

8. **Additional Documents**
The CITY and COUNTY agree to cooperate in the execution of any additional documents which may be required to carry out the terms of this agreement.

9. Conformance with California State Law

10. **Notices**
All correspondence regarding this agreement shall be sent to the other party at the addresses shown below either by personal delivery (including overnight delivery service) or by U.S. mail, postage prepaid, and shall be considered delivered five days after mailing.

County: County Administrative Officer
County of Yuba
915 8th St., Suite 115
Marysville, CA 95901

City: City Manager
City of Wheatland
111 C St.
Wheatland, CA 95692

11. **Counterparts**

This resolution and agreement shall be signed in dual counterparts by the Chair of the Yuba County Board of Supervisors and the Mayor of the City of Wheatland after adoption by a majority vote by, respectively, of the Yuba County Board of Supervisors and the City Council of the City of Wheatland.

This joint resolution of the Board of Supervisors of the County of Yuba and the City Council of the City of Wheatland was duly introduced, passed, and adopted at a meeting of the Yuba County Board of Supervisors on the _____ day of _____, 2010, and by the City Council of the City of Wheatland on the ____ day of _____, 2010.

_____
Mayor, City of Wheatland

_____
Chairman, Board of Supervisors
County of Yuba

Approved as to form:

_____
City Attorney
City of Wheatland

_____
Yuba County Counsel

ATTEST:
City Clerk

By:_____

ATTEST:
Donna Stottlemeyer, Clerk

By: _____

DRAFT